

**MINUTES OF SPECIAL MEETING  
OPEN SESSION  
ILLINOIS GAMING BOARD  
DECEMBER 22, 2008  
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

On Monday, December 22, 2008 a Special Meeting of the Illinois Gaming Board ("Board") was held in the conference room of the Gaming Board Offices on the 3<sup>rd</sup> floor at 160 N. LaSalle, Chicago, Illinois.

On Monday, December 22, 2008 at approximately 10:00 a.m. the following Board Members were present: Chairman Aaron Jaffe, Members Charles Gardner, Eugene Winkler, and Joseph Moore. Member Sullivan participate via telephone.

At 10:20 a.m. on Monday, December 22, 2008, Member Winkler called the meeting to order. Pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Gardner moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

- 1. Pending Litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees;**
- 3. Personnel matters; and**
- 4. Closed session minutes.**

Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote. The Board remained in Closed Session until approximately 10:50 a.m. The Board went into open session at 11:05 a.m.

**OWNER LICENSEE ITEMS –**

- Items for Final Action –

Re-issuance of 10<sup>th</sup> Owners License – Selection of Winning Applicant

Member Winkler moved **to have each Board member individually vote for the winning applicant for the 10<sup>th</sup> License.** Member Gardner seconded the motion. The Board approved the motion unanimously by voice vote.

Chief Counsel Fries read an introduction referencing the history of the 10<sup>th</sup> License.

7.1 of the Act was read. The recommendation of the staff is as follows and is available on the website.

## **INTRODUCTION**

In July 1997 the Silver Eagle, located on the Mississippi River in Jo Davies County, Illinois, closed. That license, now known as the 10<sup>th</sup> License, has not generated revenue for the State of Illinois since that date and, to the contrary, was mired in litigation until the end of 2007. In 2008 the Illinois Gaming Board (the Board or IGB) initiated a process to re-issue the 10<sup>th</sup> License.

The Board contracted with Credit Suisse to assist in developing the re-issuance process and in analyzing applications for the 10<sup>th</sup> License. An application for the 10<sup>th</sup> License was made available on July 18, 2008 and was due on October 14, 2008. The Board received 7 applications for the 10<sup>th</sup> License. After an intense, preliminary review and visits to each site, the Board announced 3 Finalists on November 14, 2008.

As referenced in the IGB's December 20, 2005 Final Board Order, in which the Owner's License held by Emerald Casino, Inc. (the 10<sup>th</sup> License) was revoked, there have been many individual Board members involved with this license since the Silver Eagle closed in 1997. Interestingly, since the 10<sup>th</sup> License was revoked in 2005, Board membership, and for the most part the Board's senior staff, remained consistent. This gives the Board and staff a unique perspective.

The overall purpose of the Illinois Riverboat Gambling Act (the Act) was succinctly set forth by the legislature. "This Act is intended to benefit the people of the State of Illinois by assisting economic development and promoting Illinois tourism and by increasing the amount of revenues available to the State to assist and support education." 230 ILCS 10/2(a). The legislature recognized what was at stake in the legalization of gambling and statutorily announced that concern as follows:

While authorization of riverboat gambling will enhance investment, development and tourism in Illinois, it is recognized that it will do so successfully only if public confidence and trust in the credibility and integrity of the gambling operations and the regulatory process is maintained. Therefore, regulatory provision of this Act are designed to strictly regulate the facilities, persons, association and practices related to gambling operations pursuant to the police powers of the State, including comprehensive law enforcement supervision. (230 ILCS 10/2(b)).

In light of the history associated with the 10<sup>th</sup> License it bears emphasizing that the process of re-issuing the 10<sup>th</sup> License is as much a part of the "regulatory process" as any other regulatory function. The Board and staff were keenly aware of the scrutiny that would accompany the process, as well as the result. Against that history and anticipated scrutiny, we unified in our commitment to conduct a legitimate process, uninfluenced by outside comment or opinion. We remained objective and unbiased in our review of each application. No applicant was prejudged. Rather, each application was reviewed for completeness, content and certainty, against the intent

of the Act and the factors on which an owner's license is to be issued. As in all cases, facts known from prior investigations and proceedings were considered and new investigations were conducted.

## **LEGISLATIVE INTENT**

The legislature made clear the intent behind the legalization of gambling in Illinois. The legislature advised that the legalization of gambling was intended to benefit the people of the State of Illinois. To do so, legalized casino operations must assist in economic development, promote Illinois tourism and increase "the amount of revenues available to the State to assist and support education." (230 ILCS 10/2(a)). The legislature reiterated its overall intent as follows: "In determining the water upon which riverboats will operate, the Board shall consider the economic benefit which riverboat gambling confers on the State, and shall seek to assure that all regions of the State share in the economic benefits of riverboat gambling." 230 ILCS 10/7(e).

## **ANALYSIS**

### **I.**

The proposals submitted by each of the applicants will, to one degree or another, assist in economic development, promote Illinois tourism and increase the amount of revenues available to the State to assist and support education. From ownership and minority participation to financing certainty and revenue generation, each proposal has particular merits as well as flaws. No singular component in any of the applications was enough to definitively conclude that a particular applicant should be selected. The comments that follow are summary in nature. The Board has reviewed all supporting documentation.

Trilliant's bid to pay \$435 million for the 10<sup>th</sup> License is \$210 million more than the next highest proposal. proposed paying \$2.5 million to the State within 10 days of selection as the winning applicant. Trilliant proposed paying \$2.5 million to the State within 20 business days of selection as the winning applicant. Waukegan proposed paying \$2.5 million to the State within 45 days of selection as the winning applicant. Trilliant and Waukegan proposed a payment of \$50 million within 60 days of being found suitable. Trilliant made that offer unconditional. Waukegan's offer to pay \$50 million is subject to financing. Offered to pay \$50 million within 60 days of being found suitable conditioned on there being no legal challenge to 's selection as the winning applicant. 's \$50 million payment is not guaranteed by the equity investors.

Each applicant submitted a Market Analysis that made the case for a casino in its proposed location. The concept of cannibalization, easy to manipulate and highly subjective, was given significant attention. Applicants' projections were both accepted and challenged during the analysis. An exact answer, from estimated projections, is not possible.

A casino in Rosemont or Des Plaines will likely have an immediate cannibalization effect on Elgin and Aurora, but that should not be sustained over time. In sum, a Rosemont or Des Plaines casino will draw patrons from existing casinos in Illinois, as well as Indiana and even Wisconsin, for a certain period of time. The limit on the number of gaming positions available for patron

play at a Des Plaines or Rosemont casino will cause those patrons who want to play, but cannot access a position to return or relocate to a casino where they can play. Supply and demand in a capped market should minimize long term cannibalization.

Revenue projections to the State over time were analyzed and tested in detail, from multiple perspectives. Excluding the difference in the up front payment to the State, a casino in Rosemont or Des Plaines will likely bring substantially the same long term revenue to the State. Both should bring more revenue to the State than the Waukegan Gaming proposal.

Each applicant reallocates local gaming tax revenue from the local communities to the State. While the Trilliant and Waukegan proposals redirect local gaming tax proceeds through a municipal bond offering in order to increase the up front License Fee to the State, redirects local gaming tax to the State over a 30 year period in the amount of \$10 million per year. stated that it is also prepared to increase the up front payment to the State through a municipal bond offering in lieu of the 30 year future payments. On a comparable basis, the plan reallocates more local tax revenue than both the Trilliant and Waukegan plans over the first 30 years. Rosemont is the only host community that agreed to give its share of the local gaming tax revenue to the gaming operator/developer in perpetuity. Rosemont is not expected to receive any local gaming tax revenue so long as the WCMC revenue sharing agreement is not terminated after year 25.

The Act requires minority and female ownership of 16 and 4 percent respectively. The concept of mandated ownership, enacted in 1999 as part of the legislation allowing Emerald Casino to move from Jo Davies County, had negative economic consequences to several minority and female investors in Emerald Casino. We do not know how broad a base the legislature desired for inclusion. Here, each applicant submitted a proposal that will ultimately meet or exceed the minority ownership requirement.

Staff notes that the Trilliant model for minority ownership is novel. It will introduce thousands of people into ownership. Although similar to ownership in a public company, the individual owners investing through this vehicle will have to be monitored for eligibility. Those investing 5% or more will become Key Persons and have to submit to a due diligence investigation. The degree of resources needed to monitor or perform investigations on the thousands of individuals who invest less than 5% is unknown and will be determined on an ongoing basis.

The Board must also consider the applicants' proposed facilities. Development costs and timelines were evaluated. Each applicant plans to construct and open a casino within 12 to 17 months of being found suitable. Waukegan Gaming intends to spend less to develop and construct a casino in Waukegan than either Trilliant Gaming or Gaming intends to spend in Rosemont or Des Plaines respectively. The salient factor associated with this issue is not staff's aesthetic preference but, rather, the financial certainty that the casino will be built.

The financial climate in which the applicants have had to compete is dire. Between July 1, 2008 and December 8, 2008, Gaming operator stock price equity returns – based on a composite of 8 gaming operators – fell approximately 72.5%. From October 14, 2008, when the proposals were first due until December 8, 2008, Gaming operator stock price equity returns fell approximately

39%. The financial strength and certainty of each applicant's proposal was, accordingly, tested even more intensely against the likelihood that it can pay the up front money when due and actually maintain the financial components of its proposal through construction.

Letters from financial institutions indicating varying degrees of confidence or providing certain levels of commitment are difficult to rely on in the current financial market. Despite that reality, staff notes that, amongst the 3 Finalists, Trilliant Gaming provided commitments for more than 50% of its equity and debt financing. Waukegan Gaming provided commitments from two of its equity sponsors for approximately 22% of its financing. Although identified source of funds and the ability to access equity and secure financing, it did not provide commitments from any of its financial sponsors. Trilliant's proposal provides the most financial certainty in terms of committed financing.

Against the backdrop of an uncertain financial market the Board must consider each Applicant's likely ability to assist economic development. Each Applicant submitted information on its principals' development experience and on the effect its particular plan will have on the economic development of the area. Each plan will create jobs. Each will drive tourism in ways unique to its location. The City of Waukegan intends to use a portion of its local share of gaming taxes to speed the re-development of its lakefront. will develop more of the immediate area surrounding its site.

In 2003 the Act was amended to provide for the re-issuance of a revoked owner's license. The location of 6 of the initial 10 owners licenses were statutorily designated to a specific community, county or region. The 4 remaining licenses were to be issued at the Board's discretion, based on delineated factors. In addition, the Board had discretion to consider and give favorable consideration to economically depressed areas of the State and to plans which provide for significant economic development over a large geographic area. The 2003 amendments made it mandatory for the Board to consider these 2 questions when re-issuing the 10<sup>th</sup> License.

Each host community will share a portion of the gaming tax revenues it receives with other communities. Des Plaines intends to distribute 40% of net tax revenue, estimated at \$5.5 million in year 1, to at least 10, but not more than 25, of the neediest communities in Cook County. Waukegan intends to distribute 20% of net tax revenue, estimated at \$4.6 million in year 1, to 8 of the neediest communities in Lake County and has specifically targeted the redevelopment of its lakefront. Rosemont intends to distribute 80% of net tax revenue, estimated at \$17 million in year 1, to 70 communities throughout Cook County. While Rosemont has a larger dollar impact on non-host communities, Des Plaines and Waukegan will have a greater dollar impact per community.

Character, reputation and experience are vital issues in gaming. Initial and intense investigations have been conducted and preliminary assessments have been made on these factors. The principals of Trilliant Gaming and Gaming, and certain principals of Waukegan Gaming, have significant gaming experience. Staff notes that Trilliant has identified its management team and actually introduced them during its presentation to the Board. No other applicant did so. No derogatory information has been discovered thus far that would call into question the character or

reputation of the Trilliant Gaming team or the principals of Gaming. However, certain principals of Waukegan Gaming have questionable associations and business dealings that give staff considerable pause. Of course, the winning applicant will undergo an exhaustive due diligence investigation, including source of funds, prior to being found suitable and actually being issued an owners license.

## II.

Staff is acutely aware of regulatory concerns about locating a casino in Rosemont. Many have been critical of Rosemont as a site for a casino operation. Because this process has not been prejudged, staff offers the following comments on those concerns so that the Board can make a reasoned determination based on current and unbiased information.

Following the 2003 – 2004 attempt to sell Emerald Casino pursuant to a Bankruptcy Court sanctioned process, Attorney General Lisa Madigan criticized the selection of Isle of Capri as the winning purchaser. Attorney General Madigan argued that Rosemont had an improper advantage over other possible sites because 1) it had a \$45 million claim in bankruptcy based on an unauthorized contract with Emerald Casino to build a garage, 2) selection of Rosemont as a host community would moot Rosemont's litigation associated with the revocation proceedings and 3) Isle of Capri claimed that it would be able to construct and open a casino sooner than anyone else due primarily to the existence of infrastructure that Rosemont built without authority.

Other than the fact that the Rosemont site is adjacent to an existing parking structure, which Gaming and Waukegan Gaming would have to build, the current situation is markedly different than when Isle of Capri won the right to build in Rosemont in 2004. Here, Rosemont is not waiving its bankruptcy claim in order for Trilliant to obtain an advantage. Trilliant is purchasing the real estate and the adjacent parking garage. Rosemont's bankruptcy claim will be reduced correspondingly.

The Revocation Proceedings and the associated "Rosemont litigation" have been concluded. This concern is moot. Finally, Trilliant Gaming may take longer to construct a casino due to the need to remove the infrastructure that Emerald Casino built in 1999. To the extent that it may have given Isle of Capri an advantage in 2004, that advantage no longer exists.

Unlike Emerald Casino, which became entangled with the late Mayor Donald Stephens as a result of a confluence of legislation and secret dealings amongst its principals and others concerning ownership, Trilliant Gaming has publicly testified that it sought out Rosemont after consulting with other potential host communities. Trilliant was not thrust on Rosemont and Rosemont was not thrust upon Trilliant. Moreover, the Trilliant Gaming ownership structure is vastly different than that of Emerald Casino. First and foremost, Donald and Kevin Flynn and the late Mayor Stephens are not involved. Second, the structure of the Trilliant Gaming statutory ownership should not lend itself to the nefarious relationships and disastrous consequences associated with Emerald Casino's sham attempt to fulfill the minority ownership requirement.

The Attorney General correctly pointed out that a host community can assert influence by insisting that the licensee use certain contractors or service providers. The community provides police and fire protection, traffic control, water supply and waste and sewage removal. The community also holds the power to tax.

Trilliant Gaming and Rosemont have attempted to address each of these concerns. Trilliant Gaming will purchase the land on and surrounding the casino as well as the parking garage. This relationship eliminates the previous Lease and Development Agreement that raised concerns about Rosemont's ability to control the casino operation because it still owned the land and controlled the parking garage. Trilliant Gaming will also manage all aspects of construction and even act as the general contractor.

Trilliant Gaming and Rosemont have also entered into a contract that defines their relationship. All dealings must be commercially reasonable and at arm's-length. The agreement puts parameters on municipal services, utility services, police and fire protection and traffic control. The agreement contains a non-interference provision that specifically prevents Rosemont from taking or attempting to take any action to influence or interfere with the casino operation or its affiliates. Noteworthy, unlike any other host community in Illinois, Rosemont will prohibit any contractor or vendor doing business with Rosemont from doing business with the casino operation. Conversely, any contractor or vendor doing business with the casino operation will be prohibited from doing business with the Village of Rosemont. The Mayor of Rosemont and all Rosemont Village Trustees will be prohibited from gambling at the Rosemont casino operation and no Rosemont employee or elected official will have any affiliation or interest in the casino operation. If Trilliant Gaming is selected, staff recommends that these provisions be made a condition of licensure.

The Attorney General and others also questioned why the IGB would place the 10th License in a community that will fight the Board in its efforts to regulate the licensee. Given the amount of litigation initiated by Rosemont during the Revocation Proceedings it is a fair question, but one that should not dictate a result if the applications and the factors set forth in the Act are legitimately evaluated. Moreover, although not binding on unrelated, future litigation, Rosemont has executed a Release of all Claims against the IGB relative to Trilliant's bid for the 10<sup>th</sup> License and Rosemont as the host community.

As has been opined, bad acts should have consequences. Emerald Casino paid the ultimate price for its conduct, which included allowing persons with organized crime ties and persons connected to Rosemont into ownership by hidden or surreptitious means. In staff's judgment, the law does not allow us to prejudge Trilliant Gaming in the manner suggested and we will not do so. If Trilliant is awarded the 10<sup>th</sup> License and fails to diligently protect the integrity of a casino gaming operation in Rosemont it will suffer the same consequence as Emerald – the revocation of that license.

Whether or not the Trilliant proposal is selected, staff feels compelled to make one further point. The City of Des Plaines sits adjacent to the Village of Rosemont. To the extent that there are improper attempts to exert control over a casino in Rosemont by anyone, let alone organized crime, it is naive to think that there is an invisible wall running down the middle of Devon

Avenue that would prevent the same improper attempts from occurring at a casino operation in Des Plaines.

The Board is statutorily required to consider the economic benefit of a proposal to the State. Second, the IGB was criticized by some in 2002 for not taking a substantial payment in settlement of the Revocation Proceedings. Instead, with the assistance of the Attorney General, Emerald's owner's license was ultimately revoked. To suggest that the IGB is now making a decision to simply grab the money is misplaced.

One additional point should be made regarding political contributions. Depending on the donor and timing with other events, political donations can give rise to reasonable inferences of nefarious conduct. Such inferences were evident in the Emerald Casino Revocation Proceedings. Unlike that situation, staff has not discerned donations from any Trilliant Gaming source to any Rosemont politician or related political fund. No contributions from Gaming sources were discovered to the Mayor of Des Plaines. Waukegan Gaming sources have made recent contributions to the Mayor of Waukegan. If Waukegan Gaming is selected as the winning applicant, this circumstance must be further investigated.

After considering all of the foregoing, the Board should take into account that staff has concerns related to Rosemont as a host community. Staff notes that certain businesses related to the Emerald Casino proceedings continue to make contributions to The Bradley A. Stephens Committeeman Fund and the Regular Republican League of Leyden Township. Additionally, staff has concerns about potential negative influences on Mayor Stephens from persons identified in the Emerald proceedings who either associate with elements of organized crime or otherwise acted improperly.

### **III.**

The Trilliant Gaming proposal provides the highest bid and, further, offers more financial certainty than the other proposals in terms of commitments from financial sponsors. and Trilliant should provide significantly the same amount of gaming tax revenue to the State over time. Both proposals are financially superior to the Waukegan proposal.

Excluding Trilliant's up front bid amount, the Trilliant and proposals are similar. The Board must weigh the financial commitments obtained by Trilliant against the certainty that will, if selected, meet the financial obligations set out in its proposal. Staff believes that can meet those obligations if selected.

The Board must consider other factors, summarized above, in addition to the financial strength and revenue generation of a proposal. The weight to be given those factors is purely within the discretion of the Board. If the Board determines that other factors outweigh Trilliant's up front bid, it must issue a written decision explaining why another applicant was selected and identify the factors that favored the winning bidder. Staff can support the selection of Gaming as the winning applicant.



Section 7.3 of the Act provides for the State to operate a gambling operation if the Board determines that a State owned and operated casino would produce the highest prospective total revenue to the State. Staff recommends against a finding that the highest prospective total revenue to the State would be derived from State operation of a casino in lieu of re-issuing the 10<sup>th</sup> License.

A casino operation located at the proposed sites in Rosemont, Des Plaines or Waukegan can be regulated just as efficiently and diligently as other casino operations in Illinois. If there is any inappropriate influence on the operator, from any source, let alone the host community, it will be dealt with, up to and including revocation of the license. That is the expectation of the law and the obligation of the Board.

**Chairman Jaffe's statement:**

Each and every item was gone over carefully, with regard to character and reputation. Nothing reflects poorly upon the character and reputation of Trilliant and Midwest Gaming. However, Waukegan LLC has certain principals with questionable associations.

Trilliant submitted the best up front bid, Waukegan comes in second, with a bid of \$225M. Des Plaines upfront money is worked out a little differently, \$122.5M paid upon licensure upfront, and thereafter \$10M per year for 30 years. Midwest's offer comes in around \$255M. Now, taking Development costs into consideration, Midwest has three phases, Trilliant has two phases and Waukegan has two phases. Trilliant's phase one consists of a 55,000 sq. ft. casino space, 4 restaurants and a 1,875 car parking garage and phase two would be a 10,000 square foot night club. Waukegan's phase one is 5,000 square feet of casino space, 4 restaurants and meeting space and phase two is construction of a 150 room hotel. Midwest Gaming's phase one consists of erecting a 50,000 sq foot casino, 4 restaurants with business and meeting rooms and a 1,700 car parking garage. Phase two consists of construction of a hotel and parking garage and phase three are hotel additions and multiple restaurants. Cost for development of each project is as follows: Trilliant's cost would be \$258M, Waukegan \$240M and Midwest \$704M. That states in itself that Midwest is putting more into the property, more jobs and benefits to the people of the community. Revenue taxes between Trilliant and Midwest would be comparable, Waukegan would lag further behind. Taking the minority ownership and affirmative action plans into consideration, Waukegan is the most economically needy of all the three areas. Each of the other two, Trilliant and Midwest agree they would share revenue with other communities. The most municipalities that will receive money from the tax revenue would be from Trilliant. Midwest has a smaller amount of municipalities in their agreement but the sharing of revenue to more depressed areas. Trilliant does not contribute to certain depressed areas. Rosemont's agreement seems to be more of a non-compete agreement with other municipalities in reference to revenue sharing.

**Chairman Jaffe's vote**

**Midwest Gaming LLC - Des Plaines, Illinois**

**Member Moore's statement:**

I have chosen the Waukegan Group for the following reasons:

This location most advances tourism.

This is the most economically depressed area of the three.

Little to no cannibalization from the other Illinois casinos.

There will be new dollars from the State of Wisconsin.

This group has agreed to share the tax dollars with other economically distressed communities in the area.

This will mean jobs for the area which is badly needed.

Of course this vote is subject to suitability and due diligence.

**Member Moore's vote      Waukegan Gaming LLC – Waukegan, Illinois**

**Member Gardner's statement:**

First, a few words about this process; it has been open, above-board, transparent and thorough. It involved expert counsel and advice from Credit Suisse, who itself was selected to advise the Board pursuant to an open and competitive RFP bid process. It sought applicants from around the world and resulted in seven proposals of varying degrees of acceptability, reasonableness and certainty. And in the end, it will result in the establishment of a first class gaming facility in Illinois that will meet or exceed the requirements of the Riverboat Gambling Act of the State of Illinois.

The process was also respected by all. Applicants, existing licensees, elected officials, the public and the press. No one, again no one, has contacted me at any time concerning any aspect of this process, my role in it and/or the possible outcome.

And a word about delaying the selection; I have considered that possibility especially in light of recent activities here in Illinois and I believe that delaying the selection would be costly, inefficient and counter-productive. It would stop the current momentum that is surrounding the process, put off the ultimate realization of the economic benefits of the tenth license to the people of Illinois and may result in these uncertain economic times in less favorable future proposals. We are ready to act and should do so now.

And a word about the Gaming Board staff; they are tireless, committed, dedicated, hard working, talented and efficient. They have been extraordinary in their efforts to conduct and complete this process while also fulfilling their ongoing responsibilities to regulate the gaming industry throughout the State. I applaud them and thank them for their effort.

Now to the selection – one of the most intriguing aspects of the process is that there is not a clear winner. No single applicant clearly wins out over the others on each of the criteria. Waukegan clearly most qualifies as a depressed area but its proposal suffers in credibility, commitment of funds, the up-front fee and it has local opposition. And let me digress here to be perfectly clear about the credibility of the Waukegan proposal. In their public presentation and the written materials they provided therewith, Waukegan’s representatives asserted that the Waukegan facility would generate some \$379 million in AGR in its first stabilized year. They further asserted that that amount would make their facility the highest grossing facility in the history of Illinois gaming. Ladies and gentlemen, that is at best an outright misstatement; in more than a few years, Grand Victoria has already generated more than \$400 million in AGR. I don’t know about all of you, but, to me, a misstatement like that calls into question the credibility of Waukegan’s entire proposal.

So, back to the selection. Midwest is credible, has future development potential and has significantly increased the amount of money to be paid to the State but suffers from local opposition and union concerns. Trilliant proposes the highest fee and, in my judgment, has the best minority participation plan but Rosemont is tainted by reputation, clearly doesn’t meet the need test and its revenue sharing plan simply doesn’t measure up; it supports some of the more well to do communities in the region but ignores many of the most economically depressed.

To pick a winner, then, I focused on the following: amount, timing and certainty of the fee; net new revenues to the State; support for depressed areas of the State; the minority participation plan; commitment to community and the acceptability of the host community. In these areas, Trilliant wins on the fee and its minority participation plan, Waukegan and Midwest best meet the depressed area test although in different ways, Waukegan actually makes the most certain long term commitment to its community Foundation although Midwest’s principals’ reputation for generosity and philanthropy is legendary and Rosemont is least acceptable as the host community. On that note, let me say however, that I have every confidence in the ability of the Illinois Gaming Board to properly regulate a facility in that location. I actually think that a facility in Rosemont might become the most scrutinized and therefore least likely to be corrupted gaming facility in the world.

So what’s left in the foregoing analysis – it’s the question of net new tax revenues to the State - the so-called cannibalization issue. This is the most difficult question for me to assess; it involves significant forward looking projections, conflicting testimony and no way to know the correct answer until after the decision has been made. However, I am persuaded by three things that over the long term, a casino in either Rosemont or Des Plaines will generate substantially more new tax revenues for the State than one in Waukegan. The three factors are: the expertise and experience of Credit Suisse; the limits on gaming positions in Illinois which will restrict the appeal of a new facility to existing gamblers if the new facility is not big enough to meet its demand, or as Yogi Berra put it: “nobody goes there anymore, it’s too crowded”; and the opportunity that Rosemont and Des Plaines have to attract some Indiana patrons back to Illinois and to attract significant “out-of-state” action from O’Hare travelers and patrons of existing and to be built hotels, the Rosemont convention facility and other proximate attractions.

Accordingly, I vote to grant the tenth license to Midwest Gaming. Their proposal best meets the criteria established in the Act and the long term needs of the State. While their up-front fee is relatively small, Des Plaines' commitment of \$300 million dollars to the State over thirty years overcomes the difference between their up-front fee and Waukegan's and closes the gap on Trilliant. Moreover, their facility will be of the highest quality as reflected by their budget for building it and they will generate at least as much if not more net new tax revenue to the State as the others. They are financially solid, clearly experienced and highly reputable. In addition, Des Plaines' commitment to share a significant portion of its local tax revenue, as much as six million dollars in the early years and rising significantly in the future, with economically depressed communities in the region satisfies both the economically depressed area and the wide ranging economic development criteria of the Act. Finally, the future expansion potential of their site provides long term possibilities for further economic development.

Now, I also want to say a word about why I'm not voting to grant the tenth license to Trilliant Gaming. Yes, their up-front fee is the largest; their minority investment plan is best, in my opinion, and I encourage to develop a comparable arrangement that provides the investment opportunity to as large and diverse a population as possible; and I agree with Mr. Yemenidjian that their site is quite good. Too bad it's in Rosemont.

In the end, it comes to that. Rosemont and Trilliant have snatched defeat from the jaws of victory. On the one hand, Rosemont has done much to overcome the taint and stigma associated with its past efforts to attract a casino; however, it has failed to do so in the end. That failure is borne out by their reaction to our demand that their proposal better meet the economically depressed area requirement of the Act. Their response was two-fold: first that their sharing of 80% of the local revenue with some seventy communities accomplished that goal and second that they would be happy to reduce their up-front fee to provide additional support to poorer communities if we just told them how much to reduce the fee and to whom to allocate the money.

And that, ladies and gentlemen, is exactly the response I would have expected from the late Mayor Stephens, not from an allegedly reform minded new mayor and his "squeaky clean" impeccably credentialed investment team. It ignores the fact that the 70 community sharing pact is a holdover from previous bids and as one of our public speakers pointed out is a "quid pro quo" deal. You support Rosemont and don't compete with us, recipient community, and we'll throw you a few crumbs. If you don't play ball, you don't get anything. As a result some of the wealthier communities in Cook County benefit from the arrangement while some of the poorest are excluded.

More importantly, their response reflects exactly the arrogance, disdain and contempt for the Illinois Gaming Board that the late Mayor so openly displayed. It is an attitude that survives and persists and it is an attitude that can't be rewarded and won't be tolerated. In the end, it is why I cannot vote for Trilliant.

**Member Gardner's vote      Midwest Gaming LLC - Des Plaines, Illinois**

**Member Sullivan statement:**

- I believe that there will be more economic development associated with the proposal in Des Plaines.
- The up front bid carries less weight for me than other factors related to the overall project. The immediate economic advantage should not, in my opinion, cloud our responsibility to comply with the intent of the Act and maintain the integrity of gaming in Illinois.
- The principals are very experienced in the development of casino operations. and I am persuaded that their proposal is adequately capitalized, will be developed on time and will result in a first class facility for the State of Illinois.
- I believe that long term payouts of \$10 million per year for 30 years, in addition to the expected tax payments, will be an important and stable infusion of money that will benefit future generations of school children in Illinois.
- I have considered the issue of cannibalization. I am convinced that cannibalization will be minimized by Illinois' cap on positions.
- These are the basic reasons for my vote.

**Member Sullivan's vote      Midwest Gaming LLC - Des Plaines, Illinois**

**Member Winkler's statement:**

We, the five of us who have worked together as members of the Illinois Gaming Board, along with the intelligent, committed, hard-working staff of the Board, come to make the decision about awarding the tenth casino license at a propitious time in the history of our state.

To some of you that seems a ridiculous statement. Our state government is in many ways in freefall. Politicians and pundits are vying for position and power, ambition and ascendancy. All of Illinois government is at a time of crisis and self-evaluation. At least, we can hope that it is. This process has brought me to one of the most difficult decisions of my entire career. In the first place, Member Joe Moore and I voted for a casino site in the southern suburbs because we believe that they need the revenue more than other sites—certainly more than Rosemont and Des Plaines. But the Board felt obligated to name the three highest bidders as finalists. Now we are left to choose among those three. We have discussed, debated, deliberated for weeks. The Credit Suisse team and our own staff have worked diligently, faithfully, intelligently to help us understand all the ramifications of this choice.

I wanted to vote for Waukegan because it alone meets the criterion of a distressed community, but our staff investigations have shown that the investors are tainted by associations with some very shady characters and some very, very greedy past deals. While the City of Waukegan would spend the tax revenue on a much-needed revitalization of a crumbling downtown and a polluted and devastated lakefront, I had hoped that they would also take into account a crashing education system, a failing health-care system and its neediest citizens.

Trilliant has offered the highest bid and the greatest degree of professionalism among the three bidders. They have tried to divorce the casino from the village of Rosemont, and I commend them for that. And they have been flexible about our demands that the revenue sharing among the 70 communities that made the 1995 agreement be expanded.

However, our staff's investigations reveal what Judge Abner Mikva's extensive hearings concerning the Emerald license made clear—that organized crime still controls much of the life of the village of Rosemont. I continue to question whether the village of Rosemont can, indeed, be divorced from the Trilliant casino.

The one of the three applicants that is the least tainted has also has been the most difficult to deal with. The arrogance of Midwest Gaming is palpable. Mr. Bluhm is a smart businessman but he also wants everything done his way. And, if awarded the license, I fear what regulatory problems our staff will have to deal with. His proposal would rob the City of Des Plaines of ten million dollars a year in revenue—300 million dollars over the next thirty years. Moreover, Mr. Bluhm and his cohorts were more than evasive when questioned about sources of funds, labor unions, part-time employment and health and pension benefits for employees. All of this makes it hard for me to vote for Gaming.

A woman brought home a monkey she had purchased at the local pet store. Her husband was outraged. "Where will the monkey eat?" he asked. "At the table, with us," his wife replied. "Where will the monkey sleep?" "In our bed, with us," said his wife. "What about the odor?" "I got used to it," she said. "So can the monkey."

We have become accustomed to the stench of casino gambling and its effects in Illinois. That's the problem: we have grown used to corruption in government, pay to play, headline grabbers and behind-the-scenes operators. But real moral and ethical issues are at stake.

I have been called into a role that demands that I keep the distinction between the world's lies and God's truth clear. This is a moment when my conscience and my calling combine to prevent me from voting for any of the three applicants. I am not abstaining. I am refusing to vote for any of the three applicants. They, each of them in its own way, are unacceptable.

**Member Winkler's vote      Member Winkler refused to vote.**

Chief Counsel Fries stated that based upon the outcome of the vote, which is 3 votes in favor of Midwest Gaming LLC, the Board will issue a written determination outlying what factors were important to the Board Members that out weighed the upfront bid proposed by Trilliant Gaming. This will be made available by the next Board meeting which will be the 12<sup>th</sup> of January, 2009. Copies of the staff recommendation will be made available to the public on the 3<sup>rd</sup> floor of the Gaming Board offices.

At 1:25 p.m. Member Winkler motioned to adjourn while Member Gardner seconded the motion. All Members voted in favor.

Respectfully submitted,

Mary C. Boruta  
Secretary to the Administrator